

COMMITTEE ON GOVERNMENT REFORM
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MEDIA ADVISORY

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Government Reform Committee to Consider
Postal Reform, Homeland Security CFO Bills

What: Government Reform Committee Business Meeting

When: THURSDAY, MAY 6, 2004 (immediately following Committee hearing)

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background:

The Government Reform Committee will hold a business meeting to mark up the following legislation:

H.R. , The Postal Accountability and Enhancement Act of 2004.

This bill will be introduced prior to the business meeting by Congressman John McHugh (R-N.Y.), Committee Chairman Tom Davis (R-VA), Ranking Member Henry Waxman (D-CA) and Congressman Danny Davis (D-IL). Each year, the United States Postal Service processes and delivers 208 billion pieces of mail to more than 130 million addresses in the United States. More than 9 million American jobs and \$900 billion in commerce are dependent upon services of the USPS.

In part because of the complex rules governing the structure and operation of the Postal Service, it has a bleak fiscal future, with declining mail volumes leading to budget deficits for three consecutive years.

This legislation builds upon the recommendations of the President's Commission on Postal Reform and the work of the Committee's Special Panel on Postal Reform, chaired by Congressman McHugh. The Postal Accountability and Enhancement Act would preserve universal service, promote efficiency and flexibility, ensure fair competition and accounting and establish a base for future reforms by mandating several studies.

In general, the legislation addresses seven major issue areas:

- **Modern Rate Regulation** – shifting the basis of the Postal Rate Commission from a costly, complex scheme of rate cases to a modern system designed to ensure that rate increases generally do not exceed the annual change in the Consumer Price Index. This applies only to market-dominant products (letters, periodicals, advertising mail) because the Postal Service is provided with different pricing freedom for its competitive products (Express Mail, Priority Mail, etc.)
- **Combining Market Disciplines with Regulation** – combining market mechanisms with Commission regulation to govern the rates of competitive products. The Postal Service would be given additional pricing freedom but would lose favored legal treatment for such products.
- **Limitations on Postal Monopoly and Nonpostal Products** – requiring the Postal Service to only offer postal services and for the first time defining exactly what constitutes “postal services.” The bill also revises the authority of the Postal Service to regulate competitors.
- **Reform of International Mail Regulation** – clarifying the authority of the State Department to set international policy, applying customs laws equally to postal and private shipments, and giving the Postal Service the authority to contract with airlines for transport of international mail
- **Strengthening of the Commission** – giving the Postal Rate Commission “teeth” by granting it subpoena power and a broader scope for regulation and oversight. The PRC would be renamed the “Postal Regulatory Commission.”
- **Establish a Basis for Future Reforms** – mandating several studies, including a comprehensive assessment of the scope and standards for universal service.
- **Miscellaneous Reforms** – including returning the responsibility for the military service cost of Postal retirees to the Treasury Department, while also requiring the Postal Service to significantly fund its enormous liability for retiree health benefits.

Although this legislation has not yet been introduced, the Committee has decided to make a discussion draft of the bill available in Adobe Acrobat form on its Web site:

<http://reform.house.gov/GovReform/News/DocumentSingle.aspx?DocumentID=3630>

(The file is large, and may take a few moments to load.)

H.R. 2886, The Department of Homeland Security Financial Accountability Act

H.R. 2886, introduced by Congressman Todd Russell Platts (R-PA), Chairman of the Government Efficiency and Financial Management Subcommittee, amends the Chief Financial Officer Act of 1990 and the Homeland Security Act of 2002 to require the President to appoint, subject to Senate confirmation, a Chief Financial Officer for the Department of Homeland Security, who is to report both to the Secretary and the Undersecretary for Management.

The Government Reform Committee and the Select Committee on Homeland Security marked up different versions of this legislation in November – the differences being primarily unrelated components added to the bill by the Select Committee. The version

of the legislation the Committee will be marking up on Thursday is the result of a compromise reached between the two committees.

This legislation: adds the Department of Homeland Security to the list of agencies required to comply with the Chief Financial Officers Act of 1990; requires Senate confirmation of the CFO at Homeland Security; provides for dual reporting for the CFO, to the Secretary and the Undersecretary for Management; requires the Secretary to develop and update a Future Years Homeland Security Strategy; establishes an Office of Program Evaluation and Analysis; and requires the Homeland Security Department to notify the House Government Reform Committee, the House Select Committee (or its successor) and the Senate Governmental Affairs Committee about any reprogramming of funds.

H.R. 4176, to designate the facility of the United States Postal Service located at 122 West Elwood Avenue in Raeford, North Carolina, as the “Bobby Marshall Gentry Post Office Building.” Bobby Marshall Gentry served as mayor of Raeford for 13 years until his death on October 29, 2003. Introduced by Congressman Robin Hayes (R-N.C.)

H. Res. 613, honoring the 10th anniversary of Vietnam Human Rights Day. Congress designated May 11, 1994 as Vietnam Human Rights Day (Public Law 103-258) to commemorate the issuance of the Manifesto of the Non-Violent Movement for Human Rights in Vietnam. Introduced by Chairman Tom Davis (R-VA).

H. Con. Res. 295, congratulating and saluting Focus: HOPE on the occasion of its 35th anniversary and its contributions to Detroit, the State of Michigan and the United States. Focus: HOPE is a career training and urban revitalization nonprofit organization founded following the Detroit riots of 1968. Introduced by Congressman John Conyers (D-MI).

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